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**IMPACT OF REWARD SYSTEM ON EMPLOYEE PERFORMANCE WITH  
MODERATING EFFECT OF ORGANIZATIONAL CULTURE IN IT INDUSTRY.**



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## **DEDICATION**

I dedicate this humble effort specially to my beloved and respectable parents and siblings whose love and guidance enables me to accomplish the task of research and whose well wishes have always been a source of my success.

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### **Author's Declaration**

I, Ramsha Binte Sohail, hereby state that our research titled “Impact of reward system on the employee performance with moderating effect of organizational culture in the IT industry of Pakistan” is our own work and has not been previously submitted by us for taking any form of credit; partial or full, for the award of any degree from this University, or any other academic institution in the world. If the said statement is found to be incorrect at any time, even at or after our graduation, the University has the right to revoke our bachelor's degrees.

## ABSTRACT

This research work is focused mainly on identifying the Impact of reward system on the employee performance with moderating effect of organizational culture in the IT industry of Islamabad and Rawalpindi. In this study, intrinsic rewards and extrinsic rewards has been considered as independent variable. Whereas Organizational culture as the moderating variables. However, Employee performance is used as dependent variable. Meanwhile, this study has finalized IT (information Technology) sector of Islamabad and Rawalpindi to testify the relationship between intrinsic rewards and extrinsic rewards, Organizational culture, and Employee performance. To prove this relationship, a survey has been conducted through a structured questionnaire by involving employees working in IT (information Technology) of Islamabad and Rawalpindi, the sample size of 250 is selected for this study, as these respondents have been requested to share their experiences by filling the structured questionnaire. Then, data analysis has been done based on collected data through various statistical instruments including descriptive frequencies, reliability, correlation, regression, ANOVA, and coefficient. Results have revealed that, there exists a important relationship between intrinsic rewards and extrinsic rewards (independent variable), Organizational culture (moderating variables), and employee performance (dependent variable) in IT (information Technology) of Islamabad of Rawalpindi.

**Key words:** Intrinsic Rewards, Extrinsic Rewards, Organizational culture, and Employee performance

## **Chapter 1: Introduction**

### **1.1. Background of the study**

The performance management system is a very vast and important term, and it is one of the major practices the human resource department does to make their employee evaluated for the performance they do on the job. The performance management system is not very small thus it is not easily navigated, it is constantly evolving due to many other factors which are happening in the external and internal environment of the company, and technology and globalization are some of the major reasons that it is evolving. Due to this, every year's new performance management system appears, and organizations must go through a change process to deal with that change. It is seen that a good work environment plays a role in employee performance and due to this performance management system also improves and works efficiently. The working of the performance management system should be monitored every hour as this tells the performance of the employee. New performance management trend appear almost every one or two years and at times Human resource management takes it wrong or take time to understand and during this process the employee behavior changes, they feel de-motivated, frustrated, and not engaged with work, etc Human Resource is the most important component in theorization as it has the role of controlling all the activities in the organization, all the organization who are working properly following all the procedures will make the effort to make the performance better with the help of human resource department (Tripathi, 2009). Good employee performance will be achieved if the organization know which factors should be kept in mind to make the performance better, A good working environment will make the employee motivated and make them work above the average, this will increase the motivation among employees to work harder, a good working environment will provide the motivation to the employer to work harder and this will leads in improvement of employee performance., and good communication between the employer and employee is key to the success of good performance and organization. Many factors make the employee's performance better, and good communication is top of that as when the employee knows what he is doing. Updated performance management system is step to the success of employees as well as the organization. There are two types of rewards intrinsic rewards and extrinsic rewards, both the rewards make the reward system. the reward system is the monetary and non-monetary benefits



that employees get whenever they do their job effectively and efficiently. The rewards act as satisfaction in their mind which makes them motivated to achieve their goal. Reward systems in an organization are used for a variety of reasons, such as retention, commitment, job performance, job satisfaction, motivation, job security, and many more. The Human Resource Department has the authority to make the performance management system and add all the standards and functions to it if the human resource department has not done its job effectively then there is a high chance that the Performance management system won't work well, and human resource departments have a great influence on the performance management system. Rewards are given to those employees who perform well on their job and make their organizational performance better, every individual performance makes the organization achieve its goal effectively. If an employee is performing well this means their organization's system is treating them well (Paais, 2020). The internal working of the organization is also very important to influence employee performance. the norms, beliefs, working style make the organizational culture, and every organization have different culture and this culture makes a big difference in employee performance, the internal environment is not easy to maintain and make positive all the time, as organizational politics are very common nowadays, in today's world organization are more likely to be affected by the internal environment as compared to the external environment. The environment in organization tell a lot about how well the organization treats its employees, their involvement to work, and achievement of goals, usually Human Resource are the one who makes the culture and it's in the hand of the CEO as the culture tells a lot about the CEO and this is transferred to the human resource department and then the employee is managed accordingly and then this is carried out till the end, if the CEO is biased and don't show equality then surely this will show in their culture and the end, it will affect the employee performance as which leads to the downfall organizational performance. The organization have a culture keeping in mind how well their employee can share each other culture and how well the employee can adjust to that culture, organization culture is made keeping in mind all the equal factors so that other employees don't have any objection following that. Employees know how top management wants them to work, in any sort of situation, usually, culture is made by the CEO and the employee who started working initially, and after that whenever a new employee is hired, he /she must follow that culture. Culture is something that cannot change in a very short period even it is not made short period, Culture is the set of beliefs that are followed by the strategy and structure. Due to the set culture, three things happen,

- what organization want from the employee
- The employee believed the response they will get will be the proper one
- The employee will be rewarded for marinating the organizational values

90% of the employee in a successful organization is confident in their company's top management and leadership team and 28% are not confident in their company's culture or that culture doesn't influence the organizational performance (Meng, 2019). In an organization, leaders should promote the diverse thing, and make their employees think creatively, think out of the box in this way they will lead to a better idea and solution to the problem. This research will find out how the Reward system has an impact on employee performance with the positive organizational culture. How culture act when there is an involvement of positive organizational vulture as a culture are of two types positive as well as negative,

### **1.2. Problem Statement:**

This study attempts to find out what is the impact of the reward system on employee performance when there is a moderating effect of organizational culture. In many organizations, the culture gives a push to many important aspects of the organization such as decision making. Every organization has its own set of beliefs, norms, style of working followed by the structure strategy of the organization (Ameen, 2018). In the same way, this study will find out how the organization culture act between the rewards system and employee performance. Organizational culture is a very broad aspect so it has an influence on many things in the organization (Rohim, 2019), this study will find out how the organizations will act when there is a positive relationship between the performance of the employee and the reward system. Organizational culture is the surrounding where different kind of action takes place and through this study, we will see what happen when there is a positive organizational culture in the organization and how the reward system act in the presence of culture.

### **1.3. Research Contribution**

This study will contribute to different areas of the  
Such as

- This research will help in making the managerial point of view for different researchers,
- This research will also contribute to the making of reward and organizational culture policy (Eliyana, 2019).
- This study will also act as the academic theory as this will help the researcher to understand the knowledge with a certain set of boundaries or limits just by looking at the theoretical framework researcher can get understand the required problem
- Through this research, managers can make a change in their organization (Berberoglu, 2018).
- This will act as taking proper review for the topic.

#### **1.4. Objectives of the Research**

The objective for this paper is.

- Highlight the direct effect of Reward system on Employee Performance.
- Examine the moderating effect of organizational culture on the relationship between reward system and employee performance.
- Does organizational culture influence the employee performance
- Organizational culture has positive impact on reward system or negative impact

#### **1.5. Research Questions**

*With the moderating effect of organizational culture what is the impact of reward system on employee performance in IT industry of Pakistan.*

Through this research paper, the reader will be able to find

- What is the role of organizational culture on employee performance?
- How organizational culture can help in maintaining employee performance?
- How reward system put an impact on employee performance with the effect of organizational culture?
- Does organizational culture play a role in employee performance?

## 1.6. Scope of the study

In this study, the moderating effect of organizational culture on employee performance will be studied. This study will help the researcher and many organizations understand how all reward systems have an impact on employee performance, employee performance is the most important factor in organizational effectiveness. Ignoring this can lead to a problem for the organizational outcome. In the working of the organization, many things influence each other like reward system have a strong impact on employee performance, and when there is a positive organizational culture then employee performance goes up and it is beneficial for the organization as well (Buil, 2019). This study will try to explain that when the organization culture is better the automatically adds up to the employee performance. the employee will perform well when they are treated the same in the working environment and give them important as well. The organizational culture which takes care of their employee and considers them important those organization flourishes in the future as they know that's an employee is the main asset of the company and if the company take care of that asset, then surely there is no way the organization can go down. The total population will be 200 to 250, as this survey will be filled by HR persons who are working in only the IT industry or by the people who deal with employee performance as this paper will be finding out what is the impact of reward system on employee performance. The result is going to be Conclusive/ Explanatory. The instrument which will be used for gathering data and conducting a survey will be a questionnaire. The nature of the study is cross-sectional meaning that the entire process will be one time only. The study aimed at highlighting the impact of the Reward system (independent variable) on Employee Performance (dependent variable) with the moderating effect of organizational culture. The research approach that will be used will be the Quantitative Approach. The target population that is selected for this study will be from IT companies that are in Rawalpindi and Islamabad. Different theories of organizational culture and reward systems will be discussed in this paper which will help the reader to understand the depth of the paper for example

- Corporate culture
- Hofstede Model of Organizational Culture.
- Competing Values Framework.
- Skinner's Behavioral Science Theory of Motivation.

- Incentive theory
- Maslow's Hierarchy of needs
- Job and performance

And many more topics and theories regarding the Independent Variable (Reward system) and Dependent Variable (Employee Performance) will be covered in this paper.

### **1.7. Research Gap**

There are many published papers regarding this topic concept, but those papers are in foreign countries' populations. There is no proper paper that has the same topic as this paper has. Even in Pakistan, there is no proper study has been done on this topic especially on the IT industry. So the research Gap is that there is no proper study that has been done on the IT industry which tells what will be the impact of reward system on employee performance if there is a moderating effect of organizational culture. In It industry usually, the company is focused on making software and delivering the services and does not focus on the organizational culture of the organization. In Pakistan, organizations are mainly concerned with the outcome and do not focus on the other factors which lead to the positive and negative outcome of the organization

### **1.8. Limitation of the study**

- The limitation of this paper can be the issue with the sample size measurement and the selection of the audience.
- This study cannot be applied to the different industries as this study is specify done in the IT industry and things maybe change in other industries
- One limitation can also be the lack of previous research on this specific topic and limited access to the data and important information
- Time constraints can also act as a limitation to this study.
- Conflicts may arise due to cultural bias and other personal issues with the paper
- The scope of the discussion is very narrow as this paper is not written by experiences scholars and the area and depth of knowledge can be different.

## **Chapter 2: Literature review**

### **2.1. Independent Variable**

### **2.2. Reward System**

The organization in today's world going on are facing a lot of external and internal forces which drives them to change as the external environment is more competitive and there is a continuous change in the information technology companies. Reward systems are the main thing in influencing employees in the organization (Ken & Slocum, 2005). Reward systems can play a role in increasing employee motivation to work more effectively and productively (Pang & Lu, 2018). Job satisfaction results in reward and motivation there is a strong relationship between it (Springer, 2011). Employee who gives their 100% on the job shows employee are satisfied and manager reward them. Virtually every organization has PMS installed and rewards are given accordingly, the objective may include, motivating them, increased their Job satisfaction, helping individuals in their career skills, etc (Lawler E. E., 2003). Rewards and well programs always play a significant role in the relationship between employee and manager. Giving rewards to retain the employee can act as an expense on the company (Mohindru, 2020). Reward system has a great influence on the Performance management system, and the question arises here is that how to measure the performance of employee remotely as new tools and techniques are needed and for that, some companies are not even ready for this as they have limited resources (Macey W. H., 2009). Even some organization have to restructure their pay structure and make PMS system according to deal with things, as right now the employee is under great stress and they need motivation, and for motivation, companies have to give them rewards, rather it's monetary or non-monetary only in that case employee performance will be measured according (Lawler E. , 2003). If reward, perks recognition is given to employee performance can be measured easily. There is different type of rewards which are given to employee who are working in the organization bases on their performance intrinsic rewards and extrinsic rewards (Otle, 1999). The intrinsic reward are the reward which are given to employee to boost their inner level satisfaction when certain task are completed these reward are mostly psychological and based on the hard work done by the

employee to achieve the goal (Khan I. S., Influence of intrinsic and extrinsic rewards on employee performance: The banking sector of Pakistan. , 2013). The extrinsic reward is the known as physical reward which can be seen and given to employee on the bases of the performance, they are mostly tangible or financial rewards (Khan I. S., Influence of intrinsic and extrinsic rewards on employee performance: The banking sector of Pakistan. , 2013). Both these rewards made the reward system strong. Reward system in an organization refers to the incentives given to the employee for good performance, rewards can be of two type monetary rewards and nonmonetary rewards, and both plays an important role in making the employee performance appraisal look good. The organization that pays attention to the rewards system never gets disappointed by the employees as employee initials goals in the organization are to get the financial benefits and the recognition as through this they will succeed in the future and this is important for their career development (Gunasekaran, 2005). Money is the most common type of the rewards which organization gives to its staff, one of the most common rewards is the salary, although some think of it as a money they are given when they perform a certain task mentioned in their Job description, but they are called monetary rewards, in organization language, they are given the rewards in the form of salary when they perform job duties accurately. Rewards create a sense of satisfaction among the employees, through the reward system employee perform well as they know in the end, they will be rewarded for their work (Sarwar, 2013). Employee performance increases and productivity increases when there is a reward system that is managed according to the standards. Every organization have a reward system designed according to their organization requirement, but some things are kept standard according to the rule and regulations followed in the external environment or imposed by the government (San, 2012). Nowadays the organization is making a different type of modification on their reward system to adopt the internal and external change, whenever there is a change going on in the internal environment of the company it has its effects on other functions as well and rewards are one of them. The same goes for the change in the external environment there will be a change in the internal function of the organization, for example, Covid 19 one of the most global changes in the external society for that purpose the rewards system are modified according to the situation (Marinaccio, 2020). A good reward system leads to better performance. The performance management system is the key to the success of the business in the current situation and the performance management system is part of the reward system and rewards are given to those employees who perform well in their duties and task

(Banker, 2000). (Özutku, 2012). A workforce that is motivated and goal-oriented is a significant sign of organizational success. When the workforce is motivated, there is a high level of productivity that can be experienced by the employee. The positive culture in the organization is also due to the proper evaluation of the employee and employees feel confident that they are working in a well-organized organization, due to this organization runs a whole efficiently and effectively this is the opposite in unmotivated organization (Latham, 2006). The rewards system talks also about the organization like how the organization is interested in rewarding the employee. The organization that runs smoothly knows the real meaning of the reward system. Giving rewards to the employee in return gives benefits to the employees. And rewards system plays a role in influencing employee behavior and employee are the main driving force of the organization. Employee is motivated when the organization treats them well and due to this, they develop internal and external motivation (Lin, 2007). The rewards are temporary but the effect they put on employees' minds is permanent. the rereads are the positive outcome that is earned because of employee dedication and performance. The rewards are aligned with the organizational goal and objectives. When employee helps the organization in achieving its goal the rewards are often given to them. Without the rewards, system organization is like an empty hole that only creates an echo (Al-Alawi, 2007). In the workplace, people want to feel like their contribution matters, and they are valuable to the organization and due to this the rewards system is also important and through rewards, system employee feel important to the organization; organization wants their employee to stay loyal to them that's why rewards are designed and given to them. The involvement of employee results in the success of the organization (Markos, 2010).

### **2.2.1. Intrinsic Rewards**

In 1969 Frederick Herzberg a behavioral scientist proposed a the two-factor theory according to that theory there are some job factors that result in job satisfaction and there are some factors that prevent it from dissatisfaction, his theory states that satisfaction opposite is no satisfaction, and the opposite of dissatisfaction is no dissatisfaction. There is total 6 factors that leads to the No-satisfaction

1. Company policy
2. Supervision



3. Relationship between the employee and employer
4. Working condition
5. Salaries or earned income
6. Employee relationship with colleagues

There are 6 other factors which leads to the satisfaction of the employee in the company, and they are as follows:

1. Employee achievement
2. Recognition
3. Work/ Job
4. Accountability / responsibility
5. Advancement
6. Growth / Career development

If company wants to be successful in the future and want their employee to be retained for longer period, then company must consider the factors mentioned above. It is the responsibility of the Human resource department to manage the intrinsic rewards among the employee and give the accordingly and considering the situation, as disturbance among the intrinsic leads to the poor performance (Khan I. S., Influence of intrinsic and extrinsic rewards on employee performance: The banking sector of Pakistan. , 2013). The IT industry is the industry that is need of the employee who are both satisfied as well as motivated as without them the customer satisfaction level and company satisfaction level will also be put at cost (Siegrist, 1996). Intrinsic rewards are one of the main factors that influence the motivation of an employee. Intrinsic rewards are responsible for eliciting the positive reaction and motivating the employee to improve and make the last behavioral changes when required (Ryan R. M., 2020). When an employee completes a task then he senses satisfaction and achievement which results in motivation. The intrinsic rewards motivate the employees and they further experience positive emotion this show they are satisfied with the work having pride in their work, feeling of accomplishment, learned something new, have competency in some area, giving employee autonomy to work, making them feel valuable these are some of

the main feelings which employee feel and they can be called intrinsic. (Riasat, 2016). The intrinsic rewards are the critical element in the retention of an employee, satisfaction with organization, and career development (Tymon Jr, 2010). The organization should focus on reducing employee dissatisfaction by increasing the intrinsic rewards, if an employee is working in the organization it automatically will have a positive impact on the environment of the organization, the positive environment or culture is made by the company as well as the employees itself as what company do and what employee experience it can be easily seen by the organization culture (Stumpf, 2013). The intrinsic rewards are positively related to satisfaction, and when there is satisfaction, this leads to many other positive psychological satisfaction, internal satisfaction arises in the employee due to the intrinsic rewards the rewards that play a role in internal satisfaction. The organizational program which supports employee innovation, creativity, further enhances employee satisfaction and employee are easily retained during the internal change that is going on. Retaining the employee in the process of Change is a huge responsibility and for that purpose, the employee should be satisfied at full (Mosquera, 2020). Intrinsic motivation and appreciation play a significant role in the satisfaction of employees rather than monetary benefits (Bassett-Jones, 2005). The intrinsic reward has a positive influence on the performance of the employee in the organization and intrinsic rewards such as career development programs, recognition, learning opportunities are less influential on the job performance of an employee as compared to the extrinsic rewards like pay, bonus, promotion, and other monetary benefits, the employee preferred to get monetary benefits at first (Ajila, 2004). The benefits those are flexible have more positive association with the employee performance to the job and the satisfaction (Barber, 1992). The rewards which are given to employees act as the bridge to more success and growth. Employees are the ones who make the written dream of an organization into reality. The employee has the power to make things go practical and achievable (Mughtar., 2016). Reward management system involves intrinsic rewards and extrinsic rewards. The intrinsic is the rewards that are felt but the employee even before the organization gives them the extrinsic rewards. The intrinsic reward made the employee feel valued and motivated towards the job. Intrinsic rewards are the rewards which are achieved by the completing the job or assigned task and those rewards are mostly related to the internal satisfaction and psychological satisfaction (Khan A. H., 2012). With the help, of these rewards employees feel motivated toward the job and they have internal satisfaction. Many researchers claim that due to intrinsic rewards employees feel more comfortable and satisfied with

the job.

***H1: Intrinsic Rewards have a strong positive effect on Employees Performance.***

### **2.2.2. Extrinsic Rewards**

Extrinsic rewards are the rewards that refer to the physical rewards, rewards which are given to employees physically; they are also known as monetary rewards. Extrinsic rewards are given to the employee in every organization and employee performance is the main reason due to which extrinsic rewards are given (Rizal, 2014). The employee who is performing job duties effectively is given such kind of reward. Job performance is the key to extrinsic rewards. Extrinsic motivation is the motivation to perform the job duties to achieve the rewards and work harder to achieve the assigned goal (Taylor, 2005). The employee who is extrinsically motivated will continue to perform a task if the task is not according to their interest or self-rewarding. The first thing which employees see in the job is the salary which makes them apply for that position. Intrinsic rewards are more important in the eye of employees than extrinsic ones. The rewards are the main source of motivation among the employees, and they perform the job effectively to those rewards with them (Siegall, 2000). Extrinsic rewards are offered to people to make them engage with the organization and make them motivated to work the job duties. Extrinsic motivation can be in the form of tangible and intangible factors. Tangible factors are in the physical form, any type of financial reward is an example of tangible factors. Maslow's Hierarchy of needs can relate both to the extrinsic and intrinsic (Menon, 2001). Extrinsic motivation is related to the safety needs of the hierarchy on the other hand intrinsic reward are related to esteem and self-actualization needs. Extrinsic motivation is the behavior driven by external rewards the rewards can be in the form of tangible and intangible factors, tangible factors are in the monetary form, like money, bonus, grades, etc, and intangible factors are fame or praise, etc. extrinsic motivation plays a crucial role in determining the role and action of an employee associated with the company every organization employees are motivated with the compensation they receive by doing the task they are assigned to do (Lawer, 1994). Salary is not a single extrinsic motivation for the employee to do the job effectively as there are many extrinsic rewards that are provided by the company to the employee such as the bonus, commission, benefits regarding health (Benabou, 2003). Extrinsic rewards can be used in the workplace to make the employee more interested in doing the job, or task duties,

and at the time these rewards make them do the task more interestingly than before as these rewards act as a stimulator. Extrinsic rewards also act to get the employee motivated to do get the new knowledge and skills (Sansone, 2000). The extrinsic rewards can be used as a source of feedback from the employee regarding the performance. The social dimension to such extrinsic rewards which are come from the employee who is interacting with one another (Vallerand, 2002). They are based on the quality of the interpersonal relationship they have with each other while interacting with one another these factors include friendly and supportive co-workers and supervisors. The organizational dimension refers to those extrinsic rewards that are given by the organization so that employee motivation can be increased and employees perform well during the job (Acar, 2014). Motivation is one of the most important factors which employees need to have to perform the job, the job should be done with full interest and enthusiasm and external factors play a role in achieving. With the help of motivation, the employee is more interested in the job, and then the employee along its goal with organizational goal. During the recruitment phase employee is attracted to the salary the organization is offering and with time they get more on the job, to make the employee committed to the job organization provide them with a different type of rewards, extrinsic rewards drive the intrinsic rewards. The loyalty of an employee can be seen by the commitment of the employee towards the job (Moran, 2001).

The extrinsic rewards can be seen and referred to as instrumental rewards. The level of extrinsic rewards given to the employee shows a lot about the organizational culture of the organization. the culture of the organization is very important to maintain a positive environment (Amabile, 1993). The culture shows a lot about the organization. Giving employee rewards create an environment in which employee feel valued and motivated, there are many things through which organizational culture is created; from the employee as well as from the organization, both are responsible for creating the environment (Moon, 2000). Employee performance increased when the environment they are provided is filled with opportunities and benefits this will result in the achievement of the organizational goal. The organization gives extrinsic rewards to the employee because through this employee level of trust towards the employee is increased and they perform well. Many scholars state that extrinsic rewards are key to generating profit (Ogunnaike, 2014). The well-designed pay for performance PFP improves the employee performance for a longer period. Compensation is the major policy made by the organization to lever employee motivation (Mafini, 2014). Employee engagement and retention of the employee for the longer term. Organizations such as Facebook,

Google, IT industries, heavily rely on human capital and due to this they give a central role to play and they are among the highest paying companies among the as they for them their employee is everything and to retain their employee for a longer period they give more attention to the extrinsic reward (Li, 2020). Well known organization have put a lot of investment on their employee, such as by giving them training, new skills new knowledge experience and after to keep the employee retain in their company they give extrinsic rewards to them they can't afford to lose the employee. In information technology (IT) industries the extrinsic rewards are so common as these are the rewards which keep them stay for longer as the IT company job is a lot about sitting in front of laptop and designing and programming and in that situation to keep them motivated is a bit challenging (Ke, 2010). The performance is less effective when the work is done with zero interest. And this also can be seen in the performance appraisal which is done by the Human resource manager.

***H2: Extrinsic Rewards have a strong positive effect on Employees Performance.***

### **2.3. Dependent variable**

### **2.4. Employee performance**

The performance of the employee is the most important aspect that should be considered at topmost priority when talking about the internal marketing of the organization. Reaching performance t the highest level is more challenging for the company to deal with. As there is a continuous development of the company and standards should be kept in mind (Viswesvaran, 2000). For any business employee performance is the key to success, every employee's goal is to work towards the achievement of goals under the mission and vision. The employee performance is managed by the business itself as they are the ones who are keeping the employee motivated and polish its skills in the achievement of the goals. In today's world, employee performance is looked at as a participative system. . It is the ongoing cycle that is monitored on every step in the organization there is a proper plan, action, and development phase which is to be followed to maintain the performance. Performance management is the critical aspect of the company. To measure employee performance, the proper Performance management system is made under the supervision of human resource management to look after the performance of the employee. The

performance management system helps the organization to plan measure and control the performance of employee so that there is proper alignment in strategies and performance and by doing this desired result can be achieved (Bento, 2006). The PMS also provides the means of recognizing the employee performance and give reward according to the performance (Service, 2001). PMS help in avoid goal conflicts and give results without any ambiguity (Brunetto, 2005). There is evidence that effective PMS led to the improved organizational performance (Bevan, 1991). This then improved the employee engagement, commitment, job satisfaction and motivation (Weiss, 1997). The effective PMS can assist the organization in restructuring the organization and enchaining the organization ability to recruit, deploy and develop and help in retaining the employee (Fletcher, 1992). Performance is the link between reward and training. If any employee lags the performance, then he/she will be given training and if the employee performs well, he/she gets the reward. The effectiveness of the performance depends on the stronger PMS system. If PMS is working well the outcome will be in the form of innovation, creativity, etc. Human is the main asset of the organization and if they are measured not correctly then it is a problematic situation for the organization, the goal is directly related to employee performance, if the system cannot see the problem at an early stage, then it is not easy for the company to deal with the loss. Employee performance can be made better with the help of human resource management. The HRM practice which is performance management solves the issue. The eye on employee performance is put on by the HR specialists. Through performance appraisal employee performance is being measured and evaluated and accordingly, rewards and compensation are given. Armstrong (2006) describe the role of the performance appraisal as the tool for looking what needs to be done by the organization to achieve the purpose and goal using better tools, and technology as it will give you the better result (S. & W., 1990). With the help of employee and the tools effective results will be generated, employee who generate information have greater influence on the organization decision. Annual performance Appraisal enable management to monitor the employee performance according to the standards and objective they have sat before (Daoanis, 2012). Staff performance appraisal also establish the need for the training and career development. The best performance appraisal approach is the one which enable the employee to meet the desired outcome effectively and target the organization. Linking organization targets and performance target results in positive performance appraisal and productivity. In organization Human capital is the key resource to achieve the objective of the

company, to increase productivity, output, revenue of your company employee should be satisfied which is in organizational term called job satisfaction, job satisfaction determines how much employee is satisfied with the process and procedure of the company. And this can be achieved by the good evaluation of the employee (Petty, 2000). Employees show positive behavior when they are satisfied with their role in the organization. Nguyen in 2017 done a study on what is the impact of employee performance on organization effectiveness, and he concluded that employees could generate positive performance as well as negative performance. Human resource is the most important asset of any organization it plays an important role in productivity for any organization and maintaining employee performance that's why every organization should pay focus on this factor first. Those employees who are measured accurately without the biased will be more loyal to the organization. Employee performance help the organization to make them stay for a longer period by giving them confidence that they are valuable to us otherwise employee will shift to the other organization employee retention also comes from the employee performance. The important job of the IT industry is to make the employee retained and they have invested a lot on their employee. Employee Retention is the term that refers to the ability of the organization to make their employee stay in organizations. Long-term success and a healthy environment depend upon the retention of the employee in the organization. Greater sales, customer satisfaction satisfied co-workers and effective planning, etc is dependent upon the ability to retain the best employee in the organization (Das, 2013). The employee who is satisfied with their job are more dedicated to words their work and remain in organization for a longer period. Retention in an organization depends on internal as well as external factors (Denton, 2000). Nowadays organization take greater care in retaining their employee in the organization as in external environment there is a lot of opportunities for them (Steel, 2002). Retaining the competitive employee in the organization is the guarantee of giving a competitive advantage in organization (Walker, 2001). Employee retention is not only influenced by a single factor, but there are also a lot of factors which plays a role in retaining employee in organization (Fitz-enz, 1990). Management needs to give attention to important factors like compensation, rewards, job security, On job training & career development, Manager supervision. support culture, positive work environment, and organization justice, etc. To Retain the employee in company job satisfaction is important. (Osteraker, 1999)..There are many factors that influence employee performance such as Motivation, compensation and rewards, workplace conflicts, company culture, leadership, and performance appraisal. If these factors are

managed properly then the employee will perform well and stay loyal to the organization. One of the main factors which are important influencing the employee performance is the reward and compensation. The rewards keep the employee motivated to work. Rewards are another name for motivation to do the task. Employees are attracted to words the job is mainly due to the rewards and compensation that will be given to them by the organization. A poor rewards system results in loss of employees and poor performance. Some organizations don't invest in the performance management systems and evaluate the performance verbally. Without documentation on employee performance, the decision can be unfair, and companies might face the lawsuit if employee take serious action (Starner, 2020).

The organization should focus on employee performance or the result in more productivity. Many underperformance issues can be identified and work on those for that there should be two-way communicating in the workplace, goals that are set should be clear standards should be maintained and the milestone should be achievable and step by step training should be given to an employee for the positive outcome (Roberts, 2006). A total of three main factors should be considered in mind to improve employee performance: Training and development. And increase employee engagement and organizational culture (Ha, 2014). The study done in the Chennai IT industry shows that training has a positive impact on employee performance. Training is given to the employee for the improvement of skills or learning of new skills (Ayyappan, 2009). Every company gives their training to the employee before giving them the task or job as every company has a different style of achieving the goals (Salas, 2012). The companies have a different level of training which is different from every other company. Training that is given to the employee is aligned with the goals and objectives (Sung, 2014). Investing in training and development programs makes the employee motivated and part of the employee (Bank, 1991). And training gives career to the employee by adding new skills. By investing in training the profit margin of the company can be increased by 24% or more the training also plays a big role in retaining the employee and decreasing in turnover rate. The survey was done by the company in Australia states that 68% of the employees say that the training and development policy is very important in the business, the leader should give importance to the training and give appropriate training to the employee by doing the training need assessment. The employee will feel de-motivated when he won't receive the training after the first week of the job, he also feels like the company isn't investing in their development. The company should give an environment of learning to the



employee so that there is continuous development in the career. The second factor is Employee Engagement which helps in improving employee performance (Ha, 2014). Employee engagement results in employee retention and these results to improve performance and increased productivity (Macey W. H., 2008). According to Forbes those employees who are more engaged in the work environment and work as a team there is an increase in productivity and performance (Guaspari, 2015). The word employee engagement refers to the employee commitment and connection which he has in the organization. Employee engagement is a critical element for business success in the competitive market the level of engagement shows the high level of retention of talent, which also foster customer loyalty and increased the stakeholder values and high organizational performance (Little, 2006). The term employee engagement relates to the level of an employee's commitment and connection to an organization. Employee engagement has emerged as a critical driver of business success in today's competitive marketplace. High levels of engagement promote retention of talent, foster customer loyalty, and improve organizational performance and stakeholder value (Gruman, 2011). The goals which are set by the company should be clear and achievable. The organization should set goals in such a way that they can be achieved by the employee performance, and they should be realistic in life (Thompson, 1958). The third is the organizational culture (Ha, 2014). In an IT company, the culture should be innovative, engaging, and creative's which makes the employee involved. Employee engagement doesn't happen overnight it is happened by focusing on employee needs and wants this drives a strong culture (Shahzad, 2017). That company that takes care of employee need and wants, the performance automatically is higher. Glass door's culture survey in 2019 reports that over 77% of employees across the four countries ( US, Germany, France, and the UK) consider the company's culture as the most important aspect and more than 50% of the respondents states that the culture is more important than the salary when you ask about job satisfaction (Landers, 2019). The positive culture in IT company results in better development of the product as to survive the fast-changing environment the performance should be at the top level, in IT company employee loyalty can also be seen by the performance, how well the employee performs shows the dedication of time towards the company. In an IT company mostly, the work is done on technology and to the technology as a lot of investment is done on that the company demand ROI from the employee in the form of productive performance. Software companies demand from the employee its full involvement in work as there is a lot of technical work required with a mistake (Hallam, 2017).

## **2.5. Moderator**

## **2.6. Organizational culture**

Every organization has a unique culture that is different from others. The organization's culture includes the expectation experience, values belief philosophy, and future expectation. Organizational culture is made by the organization itself and the employee working there. The culture is based on the shared values attitude beliefs and all the rules that have been developed over time and are valid (Zahra, 2004). The culture also includes the vision, mission of the organization. The culture also includes the norms, symbols, language assumption beliefs, and all the daily habits which are carried out by the organization (Hallinger, 2002). The culture is the set of ways through which things are don't in a certain environment. The organization's culture directly influences employee behavior and performance within the organization (Jaskyte, 2004). The organizational culture OC is the set of shared cultures and assumptions that will guide the employee on what will be happening and what is appropriate for the organization. the organization's culture affects the performance of the employee who likes how the employee works in the organization (Yilmaz, 2008). The organization culture is the environment that is being created by the employee and organization standards and that must be followed. Without the culture, no organization can run smoothly for a longer period. The way stakeholder works with the company also tells a lot about the culture of the organization (Atkins, 2006). In the business environment, the culture can also be used by different words such as the corporate culture, workplace culture, and at times business culture, all three have the same meaning as the organization culture (Lee, 2004). The culture is not made overnight it takes a lot of time and effort to make the culture strong. The culture is a mixture of set and beliefs. The culture is unique for every organization. The culture tells the external environment how the organization works and what its procedure is (Janićijević, Methodological approaches in the research of organizational culture, 2011). The culture cannot be changed and employees who are hired newly should adapt to it quickly. The culture is a guide to tell the employee how to work in a team or individual. There are two types of culture the one is positive culture the other is the negative culture. In positive culture the employee and all the members are supportive and optimistic regarding every problem they deal will problem without hesitation and can take the risk and turn every situation in their favor, the employee is the one who carried out the culture and organization help them to maintain

that culture. the culture is strong, and everyone follows only one culture and respect another background as well. Diversity is acceptable in that's culture, and everything is managed accordingly without hurting other feelings or ideas. Job satisfaction is high, and everyone is motivated to work. The employee is positive and confident in everything

The culture is made by the head of the organization and carried out by the employee and the first employee who start working in the organization they are the one making the culture permanent for the upcoming employee in the future (Parent, 2015). The negative culture is the culture where the organization doesn't value the work, quality, and performance. It is the opposite of a positive culture. there is a lot of discrimination that is happening in the culture, and no one is acting, there is no fair justice and environment that is followed, and everyone has its own set of rules, assumption belief and everything which made the organization culture. the culture is weak and there is no harmony and unitary among the employees. The employee is not satisfied with the job and employee turnover is also in such culture as there is no teamwork, employer don trust other. The culture is important for both the organization as well as the employee as well (Sok, 2014). The culture should be made in such a way that it creates a positive environment in the workplace. The business leaders and the other important employee are vital for the creation and communication of the culture in the workplace. The relationship between the leadership and culture is not on one side and the leaders are the architecture of the culture and the leadership is decided by looking at the established culture. There is an important role of the leader in maintaining and polishing the cultures of the organization (Tsai, 2011). The deeply embedded culture states that how the people will behave to achieve the goal of the organization. This cultural framework shows that how a high level of job satisfaction will be achieved and how the leader is helping the employee in achieving the goals of the organization (Tsai, 2011). The organizational culture, leadership, and job satisfaction are linked and if one is disturbed it will have an impact on the other. The organization leaders are the ones who can create, make, change, or be influenced by the other organizational culture, by looking at the different organizational cultures they can generate different ideas to make the perfect culture by looking at the external example (Tsai, 2011). The cooperate culture is not stagnant. Different members of the organization played a role in adding a small portion of the new culture to the organization's culture. the employee is from different background and beliefs and when they are recruited in the organization they come with

their own culture and every other employee who is already working there and who is newly hired best things are being absorbed and then it becomes the part of the organization culture (Kono, 2017). The culture must evolve to make the organization relevant in the fast-changing environment. The organization is not as easy to be followed as it looks. The employee often resists the culture and won't adapt to it or takes time. This is the duty of the head to make the employee convince the employee to follow the culture and show them the benefits of following the culture. Convincing the employee with a new culture is the change process that needs to be catered to carefully (Paton, 2008). Implementing new culture is included in the change management process (Linnenluecke, 2010). The organizational culture is a complex term. If the culture is followed properly then the organizational performance can be increased and productivity can be improved for a longer period (Jones, 2005). The culture is not the mission and vision; how those vision and mission will be achieved the culture is designed according to it. The culture is created by the policy of written document rather it is created by authentic behavior. The culture of the company can be seen when there is a problem in the external environment and how will CEO react to this situation, as there is a lot of pressure on the CEO from the external parties, like stakeholders, customers, partners employees, etc. how the manager will deal with the employee who made the mistake also tells a lot about the organizational culture (De Long, 2000). The organization's culture affects all the important aspects of the business from punctuality to what language managers used with its employee. When the workplace culture is aligned with the employee's needs and wants then the employee will feel more comfortable and motivated to do the job (Decramer, 2013). The companies that prioritize the culture will be the ones who will come stronger in a time of need. The organizational culture is the key to attracting the pool of talent to the organization and who have competitive edge performance (Higgins, 2004). Employee considers the culture of the organization before applying to the organization. The employee might leave the job if the culture is not supportive and positive. The culture of the organization can be seen as the top indicator for job satisfaction. Culture act as the barrier for the employee to leave the organization, Employee will leave the job because of the environment they are working in. Microsoft is the most popular IT based company with a strong brand name, and it is admired all over the world. Microsoft's organizational culture makes sure the workforce is capable to address the business need in the dynamic computer market of hardware and software products. The culture there is focused on innovation and quality, and everyone is accountable for their work, transparency is high, every

employee is a risk-taker and works hard for the company. The company has a diverse culture and employees have a growth mindset. Employee engagement is high, and managers look after their employees and keeps them motivated this is the reason Microsoft cooperation is famous all around the world (Rai, 2011). This is one of the reasons why Microsoft is competing with Amazon and Apple who are the most valuable and competitive companies in the world. Microsoft follows the Harvard Model of culture which focuses on employee engagement as well as on goal. Salesforce is also the software company that has made the corporate culture front and center and due to this, they have the incredible growth the CEO Marc Benioff has made the culture which been guiding the employee for the past two decades (Pullig, 2002). The cultural environment is very friendly according to Fortune the Salesforce has the best culture in America (Dierberger, 2021 ). And the company keeps on growing by the day and it focuses on its culture first then on the results by focusing on the employee the results automatically end well. To have a sustainable advantage for a longer period the culture should be maintained and competitive in the market. The IT company culture mostly focuses on employee engagement which results in job satisfaction. The company's goals and objectives should be designed in such a way that it should complement the organization's culture and the goals are achieved by looking at the culture there should be a culture of trust among the employee which can help the employee in tram work (Martins, 2003). The culture is the driving force that makes the employee performance well by giving them job satisfaction. The culture directly influences employee performance (Liao, 2009). The culture creates a positive environment the positive environment includes job satisfaction, rewards, and compensation, good communication, appreciation, recognition, etc through the positive environment the employee is motivated and feels arty of the organization and works well. The culture helps the employee learn new knowledge and give back knowledge to the organization. the culture is the environment that is given to the employee by the organization and guides them to perform according to organizational culture. An employee in a healthy culture recognizes that each employee's skills and knowledge are important in making the product and for this; they support each other and work as a team to be effective and errorless (Ali, 2015). The employee in a healthy culture is realistic and knows what their job duties are and what is their role. The employee in the software companies is under commitment and over-deliver and make sure the customer receives the best produce (Oza, 2006). The culture is the one that provides the foundation of many decisions and actions they take in a certain environment. A healthy culture is a software company that has three main essential

components. One is personal commitment; the employee should be committed to creating a high-quality product and performing effectively (Chen, 2006). The second is organizational commitment; the manager, supervisor at all levels should support the staff and help the employee and be available for them at every level (Chen, 2006). The last one is the team commitments; the organization should force the employee to work in a team and guide and correct each other at every level. Culture plays a role in the result (Chen, 2006). If the culture is right, then the strategy will also work well. the culture where there is an exchange of knowledge mutual trust, respect, and respect from the managers and giving employees their rights and rewards so that employees can work with full motivation so that company succeeds in the end (Hammerich, 2013). Better the organization culture better the employee performance

## **2.7. Interaction Terms/Hypothesis**

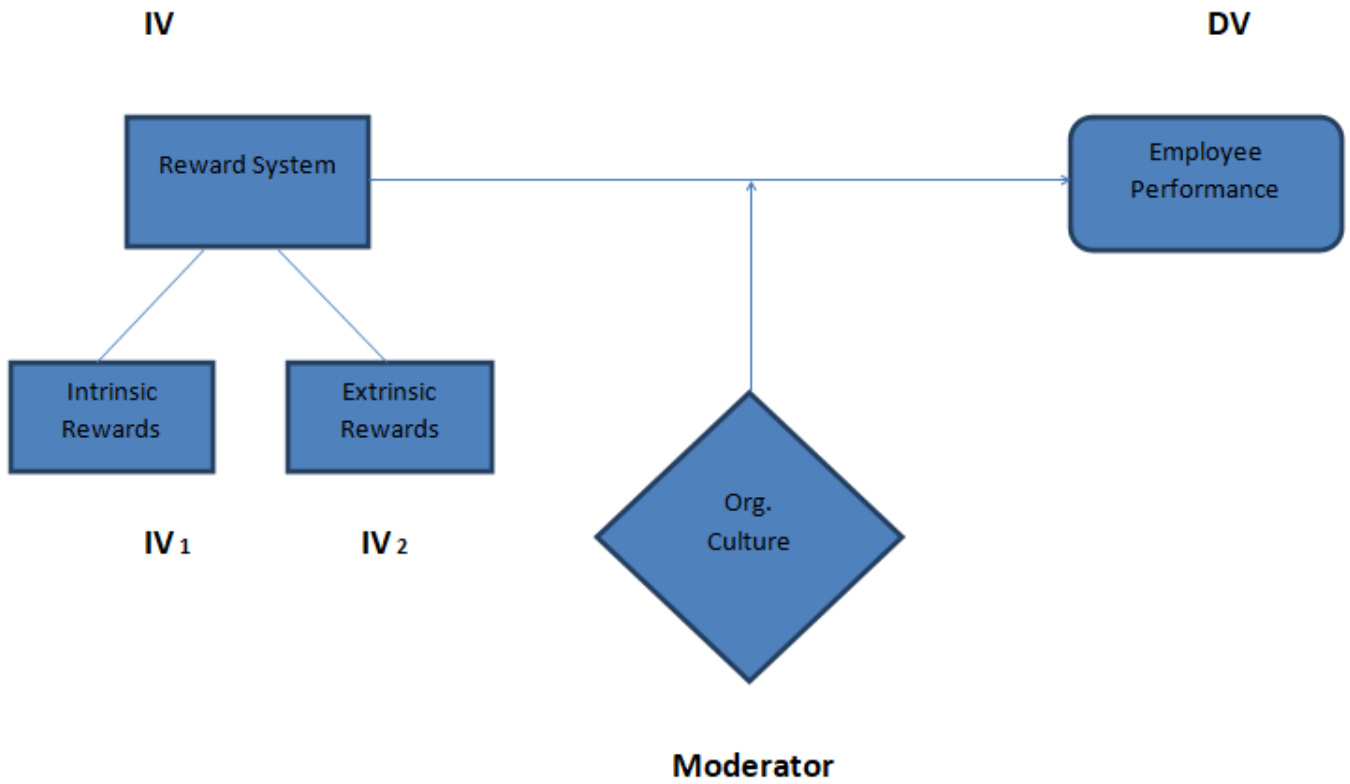
***H1:*** Intrinsic Rewards have a strong positive effect on Employees Performance

***H2:*** Extrinsic Rewards have a strong positive effect on Employees Performance.

***H3:*** Organizational Culture moderate the relationship between Intrinsic rewards and Employee Performance such that when Organizational Culture is present the relationship is stronger.

***H4:*** Organizational Culture moderate the relationship between Extrinsic Rewards and Employee Performance such that when Organizational Culture is present the relationship is stronger.

## 2.8. Proposed Theoretical Framework



## **Chapter 3: Research Methodology**

### **3.1. Research Methodology**

In this chapter, you will know about the research approach, research paradigm, research instrument, Design, population, technique, and sample size in detail.

### **3.2. Research Approach**

The research has been explanatory/ conclusive as this will tell the relationship between one or more independent variables with a dependent variable. The study aimed at highlighting the impact of Reward System (independent variable) on the Employee Performance (dependent variable) with moderating effect of organizational culture. The research approach that will be used will be the Quantitative Approach. This study can better be understood by using this approach. This approach made the decision based on facts and figures. Accurate data will be collected and with the help of data analysis technique results can be drawn.

The Post- positivist Approach has been used as this is the most compatible with the quantitative Approach. In Post Positivist real-time data is involved and the result is made based on that. It is based on precise methods and can support as result with statistical data and objective data. The research work is done by observing the current reality

### **3.3. Research design**

Survey research design is the procedure in quantitative research in which the sample of the survey is disturbed to the target population The research design selected for this study has been surveyed and through experimental design, the hypothesis will be tested. With the help of SPSS software data collected from the survey will be tested through the software to see rather the hypothesis is correct or not.

### **3.4. Target Population**

The target population that has been selected for this study will be from IT companies that are located in Islamabad and Rawalpindi. And from the IT companies, HR people will be selected who deals with reward management of employee or who evaluate the employee performance in IT companies will be target population of this study.



### **3.5. Sample**

The sample size used is 250 as it is realistic and achievable. because I'm not choosing simple random sampling as it is not possible for me to find the target population in large quantity in my selected area. This study is restricted and cannot select any random person to fill my questionnaire, random sampling cannot be applied to this study. The sample 250 is taken from the study (Ke, 2010)

### **3.6. Sampling Unit**

Perhaps one of the most crucial elements of the research methodology is the unit of analysis. This term encompasses the entity (referred to as a unit) that will be studied (that is, from which the data will be gathered) as part of the research or, in our context, around which the case will be constructed. Examples of unit of analysis include individual, dyads, groups, organizations, cultures. The chosen unit of analysis for research is individuals.

### **3.7. Sampling Technique**

Since it is difficult to gather, organize, analyze, and then use data collected from a mass-market there is a need for sampling. Sampling means taking a small portion of your larger market and then gathering, organizing, analyzing, and using the data gathered from that sample. The crucial point to keep in mind is that the sample which is selected should be large enough to represent the population (to be studied) accurately and that it should not be biased in any way. Therefore, this the study have been done using Snowball sampling which can also be described as non-probability sampling in this sampling method involves the primary data source to nominate the other potential data collector that will help in gathering data for research. Snowball sampling is the popular business study method that is used when the population is unknown. As in this study, we will be gathering data from IT industries so all the IT companies which are in Rawalpindi and Islamabad the data will be collected from them and ask them to connect us with other IT Companies. This is also known as Exponential Non-Discriminative Snowball Sampling, in this primary source connects us with others or provides multiple referrals, each new referral gives the new referral, and so on until we achieve enough subjects.

### **3.8. Research Instrument**

The term, research instrument, basically refers to any tool used to gather data regarding the

research topic that you are opting for. The examples of research instruments are scales, indexes, surveys, interviews, informal observations etc. survey has been conducted using a questionnaire, to gather the data required for developing a factual basis of conclusion. To collect the data that was needed to verify our research hypothesis and provide a concrete basis for the case that we developed; we made use of a detailed questionnaire that was constructed by modifying questions to align with the direction of our research. Questionnaire will be made by using of a 5-point Likert scale for each of the 5 variables. For each variable, the participants had to answer 5 questions and they were required to rate each question on the 5-point scale rating from Strongly Disagree to Strongly Agree. Each of the questions was meant to gauge how the participants felt about the variable in question (such as Reward system etc.) and to evaluate the relation and effect of each of the independent variables on the dependent variable (that is Employee Performance). The questions that are mentioned in the questionnaire are taken from the following articles mentioned in the tables. 1,2,3,4 tells the serial no of question in the questionnaire.

<b>Variables</b>	<b>Items /Reference</b>
<b>Intrinsic Rewards</b>	(1)(3)(4) (Özutkua, 2012) (2) (Shahzadi, Javed, Pirzada, Nasreen, & Khanam, 2014)
<b>Extrinsic Rewards</b>	(2)(3) (Özutku, 2012) (1) (Idemobi, Ngige, & Ofili, 2017) (4) (Güngör, 2011)
<b>Organizational Culture</b>	(1)(2)(3) (Ginevičius & Vaitkūnaitė, 2006) (4) (Dubey, 2017)
<b>Employee Performance</b>	(1)(3)(4) (Güngör, 2011) (2) (Amakiri & James Ebipere Jacob, 2015)

## Chapter 4: Result and Analysis

### 4.1. Results and Analysis

In a survey, 250 respondents (workers working in the Information technology (IT) industry of twin cities in Pakistan) are given a structured questionnaire and data is collected from them. Based on data collected through a survey, data analysis is done with the help of SPSS Software (SPSS) by using statistical tests (correlation, regression, and moderation analysis, etc.).

In this chapter, you will study the results obtained from the testing of our questionnaire.

#### 4.1.1 Reliability

This is generally the first test that every researcher performs to confirm that the construct used is reliable, which essentially symbolizes that the selected construct may be used multiple times, to generate similar results. This means that the construct itself is accurate, thereby making it easier to continue and modify the topic of the research. The Cronbach's Alpha is the number we ought to be looking at to measure the extent of the reliability. The Cronbach's Alpha is valued to be greater than 0.7, that means construct is reliable, and may be effectively used.

##### 4.1.1. Reliability Statistics

Variable	Cornbach's Alpha	No of items
Intrinsic Rewards	.914	4
Extrinsic Rewards	.914	4
Organizational Culture	.914	4
Employee performance	.914	4

*Table for Reliability statistics*

The Cornbach's Alpha value tells the reliability of the item, the value which is closer to 1 shows that's it has higher internal consistency. The value of Cronbach's alpha is 0.914 and it is

acceptable. Cronbach's alpha clearly shows the higher level of reliability and consistency possessed with the questionnaire used for the study. The Value of Cronbach's alpha for this is .914 which is close to 1.

#### 4.1.2 Descriptive Analysis

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
<b>Gender</b>	250	1	2	1.27	.446
<b>Age</b>	250	1	4	2.92	.815
<b>Income</b>	250	1	4	2.98	.796
<b>Experience</b>	250	1	4	2.67	.984
<b>Valid N (list wise)</b>	250				

Table no 2 for Descriptive Analysis

Demographics		Frequencies	Percentages
<b>Gender</b>	Male	182	72.8
	Female	68	27.2
<b>Age</b>	18-22 years	15	16.0
	23-27 years	49	19.6
	28-32 years	128	51.2
	33 and above	58	23.2
<b>Experience</b>	1-2 years	29	11.6
	2-3 years	88	35.2
	3-4 years	69	27.6
	4 years and above	64	25.6
<b>Income</b>	Less than 30,00	12	4.8
	31,000-40,000	45	18.0
	41,000-50,000	128	51.2
	51,000 or above	65	26.0

Table no 3 for Frequencies of demographic

**Gender**, 182 out of 250 respondents (72.8 percent) are males. 68 out of 300 respondents (27.2 percent) are females. **Age**, 15 out of 250 respondents (16 percent) are 18-22 years. 49 out of 250 respondents (19 percent) are between 23 – 27 years. 128 out of 250 respondents (51.2 percent) are 28-30 years. 58 out of 300 respondents (23.2 percent) are 33 years and above. 128 out of 250 respondents (51.2 percent) are 28-30 years. **Income**, 12 out of 250 respondents (4.8 percent) are

having income less than 30,000. 45 out of 250 respondents (18 percent) are having income 31,000-40,000. 128 out of 250 respondents (51 percent) are having income 41,000-50,000. 65 out of 250 respondents (26 percent) are having income 51,000 or above. **Experience**, 29 out of 250 respondents (11.6 percent) have experience of 1-2 years. Based on experience, 88 out of 250 respondents (35.2 percent) have experience of 2-3 years. Since experience, 69 out of 250 respondents (27.6 percent) have experience of 3-4 years. Because of experience, 64 out of 250 respondents (25.6 percent) have experience of 4 years and above

### 4.1.3 Correlation

The strong relationship between two variables termed as correlation. When the strength among the two variables is high, it is interpreted to be high correlation. The test through which the correlation is studied on the available data is called correlation.

It varies from -1 to +1 of a correlation-coefficient.

		Employee performance	Intrinsic Rewards	Extrinsic Rewards	Organizational Culture
Employee performance	Pearson Correlation	1	.680**	.699**	.791**
	Sig. (2-tailed)		.000	.000	.000
	N	250	250	250	250
Intrinsic Rewards	Pearson Correlation	.680**	1	.755**	.738**
	Sig. (2-tailed)	.000		.000	.000
	N	250	250	250	250
Extrinsic Rewards	Pearson Correlation	.699**	.755**	1	.713**
	Sig. (2-tailed)	.000	.000		.000
	N	250	250	250	250
Organizational Culture	Pearson Correlation	.791**	.738**	.713**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	250	250	250	250

\*\* . Correlation is significant at the 0.01 level (2-tailed)

*Table no 4 for Correlation*

As evident, Cronbach's Alpha value for all the variables in our research exceeds 0.7, hence proving, that the overall construct has no issues, and that the result obtained may very well be used for further analysis.

The correlation test is used to provide information on the linear associations formed between our variables. There are two major things to observe whilst determining and understanding the correlations:

1. **Significance:** Obviously if there is no significant relationship between any two variables, the analysis becomes obsolete. The value 0.000 indicates perfect significance.
  2. **Value:** This value depicts the strength of the relationship between two variables and the direction of the relationship (based on the positive or negative value) provided that the relationship is significant to be analyzed. A value lesser than 0.2 is weak, a value ranging from 0.2-0.5 is moderate in strength, a value ranging from 0.5-0.6 is a strong relationship and that ranging from 0.6-0.8 is a very strong relationship.
- Employee performance and Intrinsic Rewards: As can be observed from the table, the linear association between these two variables is highly significant denoted by the 0.000 value, and the correlation is 0.680, which denotes a strong and positive relationship
  - Employee performance and Extrinsic Rewards: As observed, the linear association between these two variables is also significant as the p-value is a perfect 0.000 but the value of the correlation is 0.699 indicating the strong and positive relationship to be
  - Employee performance and Organizational Culture: As can be observed from the table, the linear association between these two variables is highly significant denoted by the 0.000 value, and the correlation is 0.791, which denotes a strong and positive relationship
  - Intrinsic Rewards and Extrinsic Rewards: As can be observed from the table, the linear association between these two variables is highly significant denoted by the 0.000 value, and the correlation is 0.755, which denotes a strong and positive relationship
  - Intrinsic Rewards and organizational culture: As can be observed from the table, the linear association between these two variables is highly significant denoted by the 0.000 value, and the correlation is 0.738, which denotes a strong and positive relationship
  - Organizational Culture and Extrinsic Rewards: As can be observed from the table, the linear association between these two variables is highly significant denoted by the 0.000 value, and the correlation is 0.713, which denotes a strong and positive relationship.

#### 4.1.4 Regression Analysis

A further concept, called regression analysis, is used during the analysis of the data. This help in estimation of the relationship among all the variables, we used a linear regression study. The most important and accurate data can be given by such findings when obtained from this whole process.

Model Summary			
Model	R	R Square	Adjusted R Square
1	.737	.543	.736
a. Predictors: (Constant), Intrinsic Rewards, Extrinsic Rewards			

ANOVA <sup>a</sup>			
Model		F	Sig.
1	Regression	146.472	.001 <sup>b</sup>
	Residual		
	Total		

Coefficients				
Model		Standardized Coefficients	t	Sig.
		Beta		
1	(Constant)		7.282	0.000
	Extrinsic rewards	.433	6.605	0.000
	Intrinsic Rewards	.352	5.369	.000

a. Dependent Variable : Employee Performance

#### *Table for Regression*

*Model 1:* The first model (Model Summary) is the one in which the adjusted R square value is 0.543 or 54.3%, which can be interpreted as that 54.3% of variation in the value of the dependent

variable is due to the two independent variables. Here, we are not considering “Organizational culture” as a moderating variable; rather it is treated as an independent variable here.

In Anova Table, the significance level should be 0.05 and in this case the level of significance is 0.000 which is highly significant

This Coefficient table indicates the magnitude and significance of relationship among the independent and dependent variables. The contribution made by Extrinsic Rewards is 0.433 or 43.3% with the significance of .000, and Intrinsic rewards is 0.352 or 35.2% with the significance of .000 to employee retention.

#### 4.1.5 Moderation Analysis

##### IVxModerator1

Model Summary			
Model	R	R Square	Adjusted R Square
2	.784	.559	0.556
a. Predictors: (Constant), Intrinsic Rewards, IVx Moderator1			

ANOVA <sup>a</sup>					
Model		df	Mean Square	F	Sig.
1	Regression	2	81.866	156.841	.001 <sup>b</sup>
	Residual	247	.522		
	Total	249			

Coefficients				
Model		Standardized Coefficients	t	Sig.
		Beta		
1	(Constant)		14.568	.000
	Intrinsic Rewards	.167	1.371	0.000
	IVxModerator1	.903	7.402	.000

a. Dependent Variable : Employee performance

*Model 2:* In the second model, this paper treat “Organizational Culture” as a moderating variable, as it was originally intended to be. Here, we test the interaction terms that we have created, by assessing individually, the moderating effect of “Organizational Culture” on each of the two direct



relationships between the independent variables and the dependent variables. The adjusted R square value shows that 0.556 or 56.6% of variation in the value of the dependent variable is because of the changes in moderation. when we add the moderating variable Organizational Culture the Employee Performance increases from 0.539 or 53.9% to 0.556 or 55.6% which is slightly a increase as we can see in model 2.

As can be seen, both models of regression that have been discussed above are perfectly significant as the p-values of all the models are equal to 0.000. This gives us the liberty to choose any model to test the validity of our created hypothesis.

when added Organizational culture to the Intrinsic Rewards and employee performance, the value is remaining significant .000 with the adjusted value of R square to be 55.6%. And the t value is positive 7.40.

### IVxModerator2

Model Summary			
Model	R	R Square	Adjusted R Square
3	.753	.566	0.563
a. Predictors: (Constant), Extrinsic Rewards, IVx Moderator2			

ANOVA <sup>a</sup>						
Model		df	Mean Square	F	Sig.	
1	Regression	2	82.877	161.309	.001 <sup>b</sup>	
	Residual	247	.514			
	Total	249				

Coefficients				
Model		Standardized Coefficients	t	Sig.
		Beta		
1	(Constant)		10.744	.000
	Extrinsic Rewards	.000	.001	0.000
	IVxModerator2	.752	6.632	.000

a. Dependent Variable : Employee performance

*Model 3:* In this model, this paper treat “Organizational Culture” as a moderating variable, as it

was originally intended to be. Here, we test the interaction terms that we have created, by assessing individually, the moderating effect of “Organizational Culture” on each of the two direct relationships among the reward system (intrinsic reward and extrinsic reward) independent variables and the (Employee performance) dependent variables. The adjusted R square value shows that 0.563 or 56.3% of variation in the value of the dependent variable is because of the changes in moderation. when we add the moderating variable Organizational Culture the Employee Performance increases from 0.539 or 53.9% to 0.563 or 56.3% which is slightly a increase as we can see in model 3.

As can be seen, both models of regression that have been discussed above are perfectly significant as the p-values of all the models are equal to 0.000. This gives us the liberty to choose any model to test the validity of our created hypothesis.

when added Organizational culture to the Extrinsic Rewards and employee performance, the value is remaining significant .000 with the adjusted value of R square to be 56.3%. And the t value is positive 6.632

## Chapter 5: Implication of results, discussions, and conclusions

### 5.1 Implication of Results

Hypothesis	Status
H <sub>1</sub> : Intrinsic Rewards have a strong positive effect on Employees Performance	Accepted
H <sub>2</sub> : Extrinsic Rewards have a strong positive effect on Employees Performance	Accepted
H <sub>3</sub> : Organizational Culture moderate the relationship between Intrinsic rewards and Employee Performance such that when Organizational Culture is present the relationship is stronger.	Accepted
H <sub>4</sub> : Organizational Culture moderate the relationship between Extrinsic rewards and Employee Performance such that when Organizational Culture is present the relationship is stronger..	Accepted

*Table no 14 for Hypothesis*

**Hypothesis 1** was ‘Intrinsic Rewards have a strong positive effect on Employees Performance.’ Have been accepted on the SPSS (correlation and regression analysis. In correlation analysis Intrinsic Rewards is positively related with Employees Performance have been proved highly significant with the magnitude of .680. It has been shown in regression analysis that there is a substantial relationship between Intrinsic Rewards and Employees Performance, which indicates that increase in Intrinsic Rewards, increases the Employees Performance. By the increase of 1 unit in Intrinsic Rewards there will be a increase of .680 in Employees Performance. The t value is 5.369 and positive

**Hypothesis 2** was ‘Extrinsic Rewards have a strong positive effect on Employees Performance.’ Have been accepted on the SPSS (correlation and regression analysis. In correlation analysis, Extrinsic Rewards is positively related with Employees Performance have been proved highly significant with the magnitude of .699. It has been shown in regression analysis that there is a substantial relationship between Selection and Employees Performance, which indicates that increase in Extrinsic Rewards, increases the Employees Performance. By the increase of 1 unit in Extrinsic Rewards there will be a increase of .699 in Employees Performance. The t value is 6.605

and positive

**Hypothesis 3** was ‘Organizational Culture moderate the relationship between Intrinsic rewards and Employee Performance such that when Organizational Culture is present the relationship is stronger. In correlation analysis, Organizational Culture is positively related with Employees Performance has been proved highly significant with the magnitude of. 791. And Organizational Culture is also positively related to the Intrinsic rewards and proved to be highly significant with the magnitude of .738. It has been shown in regression analysis that there is a substantial relationship between Organizational Culture and Employee Performance, which indicates that Organizational Culture moderate the relationship between intrinsic reward and employee performance.

**Hypothesis 4** was ‘Organizational Culture moderate the relationship between Extrinsic rewards and Employee Performance such that when Organizational Culture is present the relationship is stronger. In correlation analysis, Organizational Culture is positively related with Employee Performance has been proved highly significant with the magnitude of .791. And Organizational Culture is also positively related to the Extrinsic rewards and proved to be highly significant with the magnitude of. 713.. It has been shown in regression analysis that there is a substantial relationship between Organizational Culture and Employee Performance, which indicates that Organizational Culture moderate the relationship between Extrinsic reward and employee performance.

## **5.2 Discussion**

This research was the brainchild of one curious business students, when given the chance to explore the HR domain and learn about what makes a reward system successful in organization in this study i immersed, we into studying the available literature and to come up with any reason whatsoever. I ended up finding out that the topic was vast and our time quite limited. This prevented us from exploring all the possible avenues that we would have liked to, which is why i had no choice but to limit our scope to 4 variables, one of which would serve as the moderator in our framework.

The variables that I shortlisted to study the impact of reward system on employee performance were as follows, Intrinsic rewards and extrinsic rewards, employee performance and organizational

growth. The first 2 would serve as the independent variable while the last variable, namely organizational growth., would serve as the moderator for the relationship.

I then set out to develop a literature review (using articles from various prestigious publications) to provide a basis for our own research, one whose integrity and accuracy could not be challenged. Based on the information that we found, we proceeded to develop a questionnaire that would allow us to collect firsthand, primary data to cement the basis for our research and case study. This construct comprised of a set of items that reflected each variable as accurately as possible. For each of the variables, including the independent, dependent, and moderating variables, there were 4 items making sixteen items in total. The intensity of the response for each item was gauged using a seven-point Likert scale, which allowed the respondents to rate their answers from strongly disagree to strongly agree. Around two hundred and fifty individuals were asked to fill out the questionnaire and it was ensured that each person was educated enough to both read and understand the English language since the questionnaire was in that language. The data collected from the questionnaire was analyzed using the SPSS software and the concluding results were obtained and interpreted using a combination of tests.

The results for the regression test showed that intrinsic rewards had a positive effect on employee performance. This indicates that our first hypothesis, that is; **H1: *Intrinsic Rewards have a strong positive effect on Employees Performance*** was accepted. different research articles also states that intrinsic rewards is one of the most crucial components that are needed to make the employee performance truly successful (Khan I. S., 2013).Furthermore, **another articles** who have also done research on the study regarding effect on rewards on employee and they stress on the use of effective reward system to bring the effective employee (Nnaji-Ihedinmah, 2015).

The results showed that our second hypothesis that is, **H2: *Extrinsic Rewards have a strong positive effect on Employees Performance***, was accepted. These results were the same as of study that extrinsic rewards plays a role in improving the employee performance and employee last in organization for longer periods of time (Khan I. S., 2013) .Furthermore another articles also states in their work that to achieve the high performance in employee the organization need to work on their rewards system which include bot extrinsic and intrinsic rewards to achieve the high performance (Aktar, 2012)

The third which is **H3: *Organizational Culture moderate the relationship between Intrinsic rewards and Employee Performance such that when Organizational Culture is present the***

*relationship is stronger.* is accepted. One more study also states that there a high significant impact of rewards on performance and it also increased when there is a positive moderating effect of organizational environment and culture and this the employee performance better (Rohim, 2019). The culture where the organization give importance to the rewards system are the one who sustain more in the competitive environment and intrinsic rewards are not very hard to maintain in the organization and culture supports it (Aman, 2018)

The fourth hypothesis which is **H4:** *Organizational Culture moderate the relationship between Extrinsic rewards and Employee Performance such that when Organizational Culture is present the relationship is stronger.* the authors of the study States that the organizational culture and rewards are related to each other and in the presence of a positive culture the rewards system will run smoother. The extrinsic rewards in every organization are different to some extent and they play a role in switching from one organization to another but when the culture is positive it supports the system and due to the culture, the employee stays in the organization (Durmusoglu, 2014).

### **5.3 Conclusion**

This research was the brainchild of one business students who had come across various successful and not so successful brands throughout their lives and during their degree. I, the student, developed a curiosity how the rewards system has impact on employee performance when there is a moderating effect on organizational culture.

Since both our time and available resources were limited, we narrowed our scope to a handful of factors including the likes of; intrinsic rewards and extrinsic rewards (independent variables) and organizational growth (moderator). We proceeded to review the literature further to explore the depths and implications of these concepts. To add a more factual perspective with respect to the Pakistani concept this paper saw it fit to collect firsthand data by making use of a questionnaire to collect data from within the twin cities of Islamabad and Rawalpindi. This process too, came with its own set of complications which have been mentioned in the practical implications section. Once the data was collected from a selected sample of two hundred and fifty individuals the process reached the analysis stage where tests such as the anova, correlation and regression were run using the SPSS software. The correlation test showed that all the variables are significantly correlated to one another, and the construct can also be seen to be reliable. The regression analysis did yield the results that we hoped for, and while the hypothesis relating to the variables were accepted as

mentioned in the results section. We hope that future researchers will add to and build on our work to uncover and explore new avenues with respect to the topic.

## **5. Future Research Directions**

As this paper have mentioned the research objectives, this paper would like people to not only learn from our research but also to build on the concept and explore the topic further by conducting their own research. Keeping this objective in mind this paper kept a track of all the limitations that we encountered during our research and listed down all the hurdles that anyone, willing to pursue further research on the topic, would face. This paper also added to the list, some of the improvements that we feel should be made to any related research carried out in the future.

Firstly, since this research was conducted as part of a final year project for the university, this paper, faced both a time and a resource crunch. This paper limitations were many and opportunities very few. For this very purpose, this paper was only able to collect data from two hundred and fifty participants and those too were only from within the geographic limits of the twin cities of Pakistan namely Islamabad (Capital Territory) and Rawalpindi. This limited the diversity of the results that This paper was able to gather. For any future research This paper would suggest that the reach, for the sake of future research's data collection, be extended beyond the two cities. In addition to that, this paper feel it would be best to collect data from a larger sample of participants to ensure that the process and its responses are thorough enough to indicate sufficient accuracy.

Apart from these factors, this paper feel that the questionnaire could be further modified to get more in-depth responses from the participants to make the study more thorough. One way of doing this would be to add subjective that is qualitative questions from the respondents since purely qualitative questions (though easier to handle) cannot perfectly gauge the depth of the topic. Since the topic deals (to quite a great extent) with how rewards play role in employee's performance, it would be best to take everyone's, feelings, perceptions, and opinions into account.

### **5.5 Limitation**

As with any research that is conducted, my research too was subjected to certain hurdles despite my best efforts to ensure that all steps to the research process were completed smoothly. The

limitations that this paper faced were caused by numerous reasons including the demographics of the individuals from whom the data was collected and the location within which the research was carried out. If this paper takes the process step by step, the first issue that we faced was limiting the scope of our research to ensure that the work that we did was relevant and manageable. Since our topic that is, Impact of reward system on employee performance with moderating effect of organizational growth, is quite a vast one and comprises of multiple factors, choosing the best and most suitable variables was quite a challenge. Secondly, while the factors we had chosen to work on seemed rather obvious, we had quite a lot of trouble finding suitable articles from reliable sources. The terms that we had shortlisted seemed simple, and the concepts underlying those terms were already being used in the HR world

Furthermore, since the trend of conducting formal research and developing research papers is new to Pakistan, there were little to no articles or works available for our topic with respect to the Pakistani context.

The next step i.e., deciding on a suitable and relevant construct to collect the data needed for the research came with its own set of challenges. The first of which was finding the right questions that would not only reflect our variables and their implications as closely as possible, but also be easily understood by the respondents. This step was essential because if the questions did not reflect our variables, the data that was going to be gathered would be insufficient for a reliable conclusion. Secondly, if the questions were too complicated, their meaning would elude the audience altogether and result in answers that were vague and misguided. Once we handled this step, the second challenge was to decide how many responses from what number of respondents were needed to come. Due to being subjected to a fixed time limit for our data collection, it was decided that the required responses would be taken from a total of two hundred and fifty individuals. Since the questionnaire was in English and the questions were at the level which educated individuals could understand, we were limited to ask only such people and to ensure that people met these qualifications; our research was limited to Islamabad Capital Territory and Rawalpindi. The limited size of the sample may have served to limit the extent to which our results apply. The demographics too, were limited to the twin cities and hence the responses are not as diverse as they would have been if they were collected from a wider population (in terms of geographic location).

Furthermore, the literature review for this paper study was taken from the works of western authors



who conducted the research in their own respective countries and their results reflected the mindsets of the people in those countries. The data that was collected for our research, however, was collected from Pakistan and hence reflects the mindset of the people of Pakistan. We believe this difference of mindsets due to geographic location, culture etc. to be the root cause of the variation in our expected and actual results.

This Research paper would also suggest that researchers, if possible, should widen the scope of their study and explore the depths i.e. the sub-types of each variable so as to explore new avenues and add greater value to the subject.

This Research paper would also like to recommend that any future literary enthusiasts should opt to develop case studies that build on or relate to either my topic so that new paths can be explored, and greater insight can be gathered for the generations to come.

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## **Appendix**

### **Questionnaire:**

#### **Employee performance**

1. In our organization Rewarding mechanism affects Employee performance.
2. Develop qualities in reward system that will enable them to be more productive
3. Price increase of salaries raises the performance of the employees up.
4. Appraisal positively affects employee performance.

#### **Intrinsic Rewards**

1. Non-monetary forms of recognition to acknowledge achievement of quality improvement goals such as merchandise, certificates, letters, complimentary tickets, etc.
2. The organization allows employee to grow as a person, improve self-confidence overcome the weakness, mature foster their self-esteem.
3. Celebrations to acknowledge achievement of quality improvement goals such as lunch, dinners, special events, etc.
4. Regular expressions of appreciation by managers/leaders to employees to acknowledge achievement of quality improvement goals

#### **Extrinsic Rewards**

1. Promotion is subject to better employee performance.
2. Profit sharing wherein the organization shares some portion of profits with employees
3. Overtime pay wherein workers/employees are given additional pay for overtime hours worked.
4. Financial rewards (salary, bonus and perquisite) increase the motivation of the employees.

#### **Organizational Culture**

1. In our organization employees are more often awarded than punished
2. Employees are always rewarded (in monetary or other form) for the good works, ideas, innovations and so on
3. Communication between employees is friendly (more informal than formal).
4. Our organization is committed to innovation and development.

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1<sup>st</sup> Half Semester Progress Report

Name of Student(s)	Ramsha Binte Sohail
Enrollment No.	01-221202-021
Thesis/Project Title	Impact of Reward System on Employee Performance with moderating effect of Organization Culture in IT Industry.

Supervisor Student Meeting Record

No.	Date	Place of Meeting	Topic Discussed	Signature of Student
1	22/11/21	Research Cell	Research Methodology	Ramsha
2	27/11/21	Research Cell	Review Questionnaire	Ramsha
3	13/12/21	Research Cell	Guidance on SPSS	Ramsha
4	22/12/21	Research Cell	Result Analysis	Ramsha

Progress Satisfactory

Progress Unsatisfactory

Remarks: She was very dejected towards her work and make sure she learnt all the guiding material very well. Very hard working individual.

Signature of Supervisor: Noor-ul-Haya Date: 9/2/22  
Name: Noor-ul-Haya

Note: Students attach 1<sup>st</sup> & 2<sup>nd</sup> half progress report at the end of spiral copy.



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**2<sup>nd</sup> Half Semester Progress Report & Thesis Approval Statement**

Name of Student(s)	Ramsha Binte Sohail
Enrollment No.	01-221202-021
Thesis/Project Title	Impact of Reward System on Employee Performance with Moderating effect of Organization culture in IT Industry.

**Supervisor Student Meeting Record**

No.	Date	Place of Meeting	Topic Discussed	Signature of Student
5	10/1/22	Research cell	learn Interpretation	Ramsha
6	19/1/22	Research cell	Conclusion & Result	Ramsha
7	22/1/22	Research cell	Citation & Referencing	Ramsha

**APPROVAL FOR EXAMINATION**

Candidates' Name: Ramsha Binte Sohail Enrollment No: 01-221202-021.  
Project/Thesis Title: Impact of reward system on employee performance with moderating effect of organization culture in IT Industry.

I hereby certify that the above candidates' thesis/project has been completed to my satisfaction and, to my belief, its standard appropriate for submission for examination. I have also conducted plagiarism test of this thesis using HEC prescribed software and found similarity index at \_\_\_\_\_ that is within the permissible limit set by the HEC for thesis/ project MBA/BBA. I have also found the thesis/project in a format recognized by the department of Business Studies.

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Name: Noor-ul-Haya